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with Shopping Center Age

The newsmagazine for retail management

JANUARY 1989

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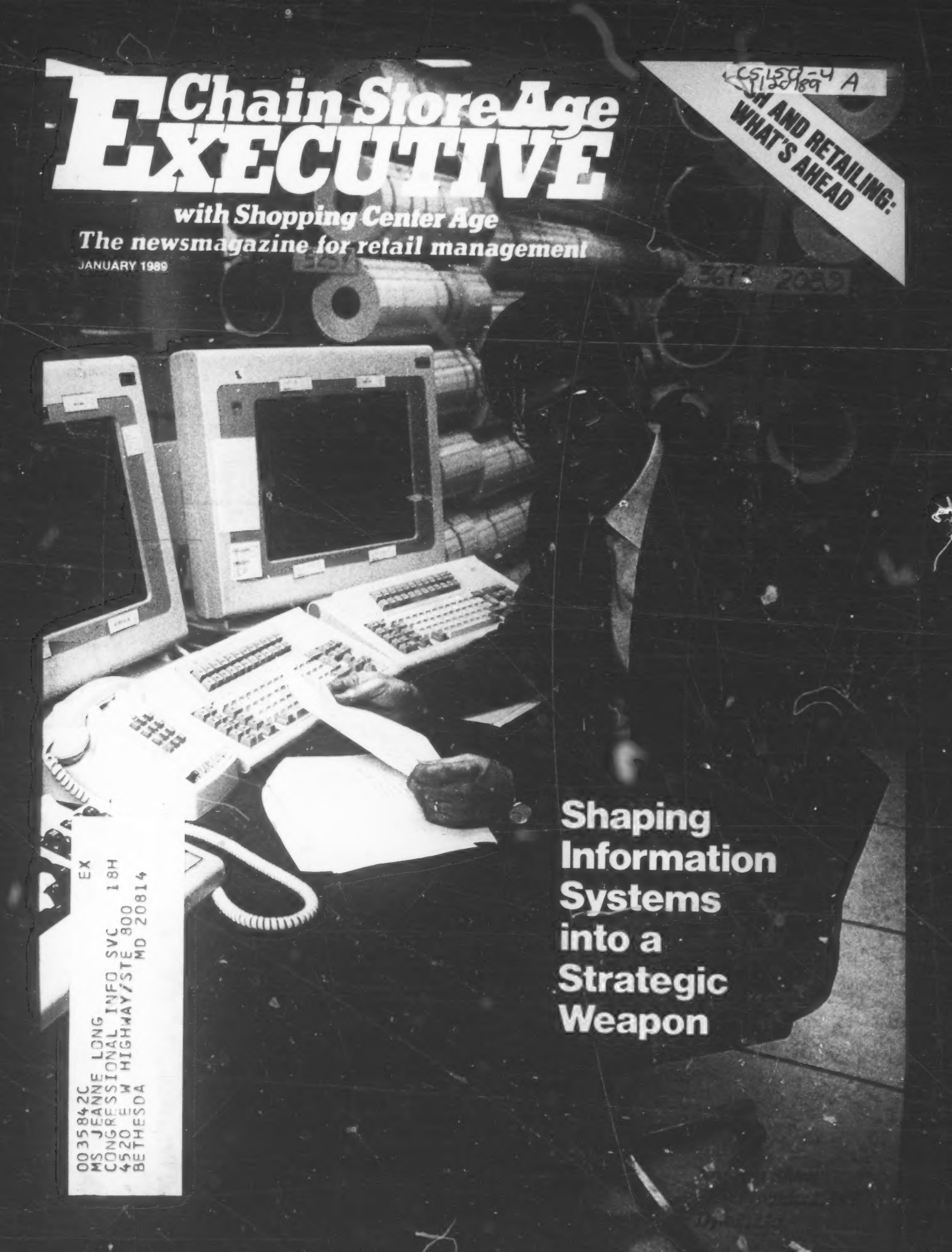

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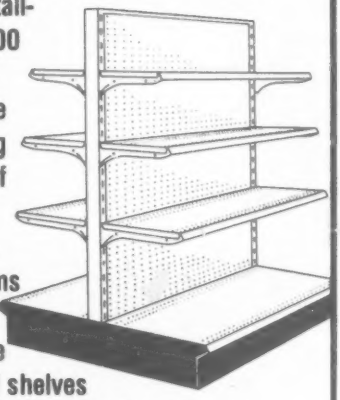

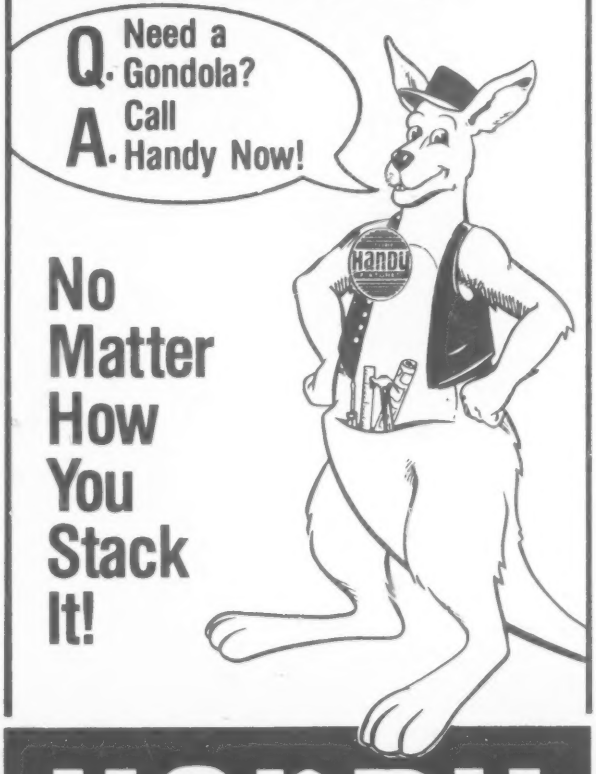

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BUSH AND RETAILERS: WHAT'S AHEAD?

A more moderate but still pro-business administration is expected under President-elect George Bush but there will still be pressure for higher minimum wages, textile quotas and other Democratic-sponsored legislation. Retail sales this year should climb by 5.75%, just ahead of 1988's 5.5%, but profits may be flat. Apparel and home textiles should be the star performers. 15

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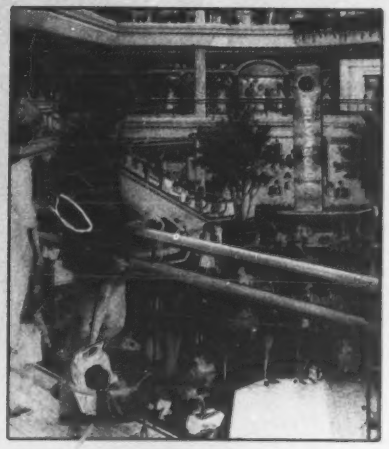

OHIO IS FERTILE GROUND FOR DEVELOPERS

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SHOPPING CENTER AGE

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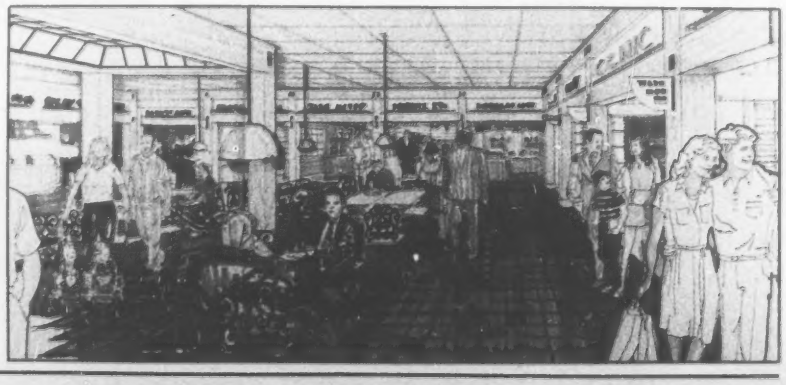


SURVEY SEES TRENDS IN CENTER BUILDING

EXPECT CONSTRUCTION TO BOOM—ESPECIALLY IN THE MIDWEST—IN 1990

After an active 1988, look for a slight slowdown in shopping center construction for 1989, and a very busy 1990, particularly in the Midwest.

Those are the major conclusions of an exclusive *Chain Store Age Executive* survey that queried shopping center developers about their construction plans for 1989 and 1990.

Overall, 1988 was a busy year for development. Three out of five (60.6%) developers, says the survey, recorded an increase in GLA last year, while only 2.3% decreased their square footage.

Even more developers (72.9%) will add space this year, and construction will jump still more in 1990, when 80.4% plan to add retail space.

The Midwest seems to be the place to be, as developers are beginning to correct their neglect of the region. The area showed the greatest amount of space increase in 1988, and will continue to lead other regions in both 1989 and 1990. More than one-quarter of the developers report that they will build in the region in each of the next three years.

Developers have not yet abandoned the Sunbelt, however. Close behind in overall development is the Southeast, with interest from 21.5% of developers in 1988 and 23.9% in 1989. As the area becomes even more saturated, the interest declines slightly, to 23.3% in 1990.

Breaking down the responses by category, it is clear that different areas of the country are of interest to different types of developers.

The Midwest and Southeast, for example, are most enticing to developers of neighborhood/convenience/-community centers. The Midwest, in particular, is still greatly in need of local centers, while the Southeast is simply running out of space to build anything larger.

The majority (61%) of "small" center developers increased retail space in 1988, and an even larger number (73.5%) expect to do so in 1989. That figure grows again to 78.8% in 1990.

The increase came from a combination of new development and expansion of existing centers. A total of 44.4% of the developers reported building between 1 and 10 new centers last year, while only 38% expanded centers.

The smaller, easier to build and lease neighborhood centers, as opposed to the highly touted "power" centers of 400,000 sq. ft. and above, will still be the main development.

More than three-quarters of developers plan projects under 200,000 sq. ft. in 1989, with 74% undertaking projects of that size in 1990.

While neighborhood center development was expected to increase, the expected downturn in regional mall construction didn't happen in 1988. Almost three-quarters (73%) of respondents reported an increase in total GLA. The new space will primarily be in the Southeast and Midwest in 1989. Each region received 33% of the vote from responding developers.

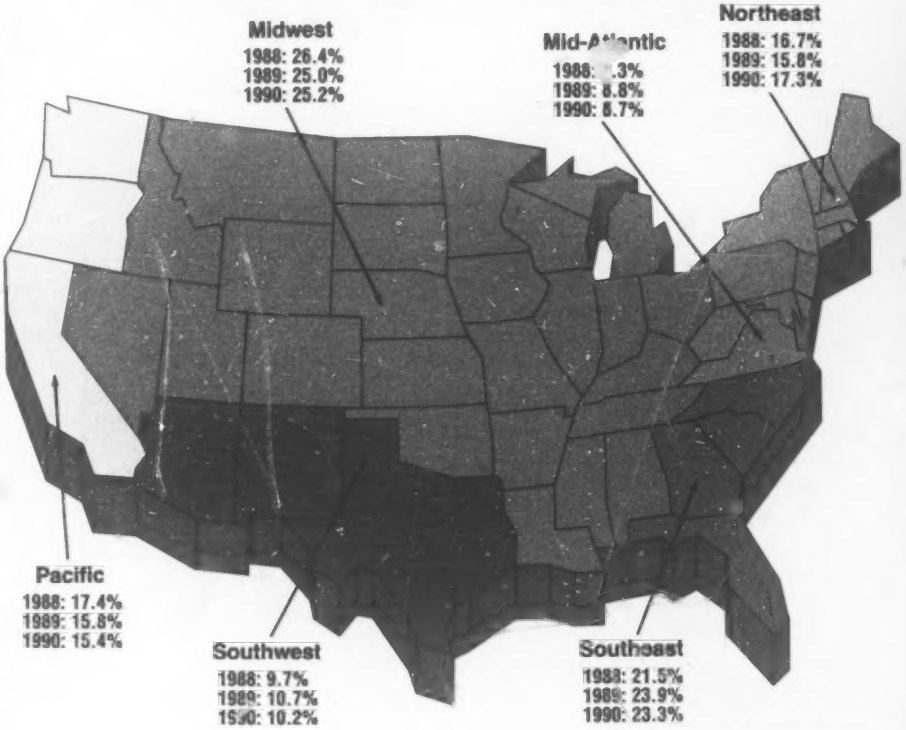
Next most popular is the Pacific region, with 20% of developers planning work there. The Northeast will see 13.3% of development.

Next year, however, should be a bust in terms of regional malls for the Mid-Atlantic and Southwest. Not one developer admitted to having plans in those areas. That trend will continue in 1990. No developers plan new centers in either region.

The Midwest proves most popular, with 46.7% of developers anticipating building in the region. Next is the Southeast, with one-third of new construction. The Pacific region and

Development interest by region, 1988-90

(Percentage of developers expressing construction plans)



Source: *Chain Store Age Executive* research

Northeast follow.

The bulk of last year's GLA increase, however, occurred in expansion of existing centers. As more areas become saturated with regional malls, and as available land runs out, new center construction is decreasing. Fewer than 1 in 5 respondents opened new malls this year.

Developers now are working either with the space they already have or with the centers they can acquire. Expansions occurred fairly evenly, with 50% of developers adding up to 200,000 sq. ft., and the other 50% adding 400,000 sq. ft.-4 million sq. ft.

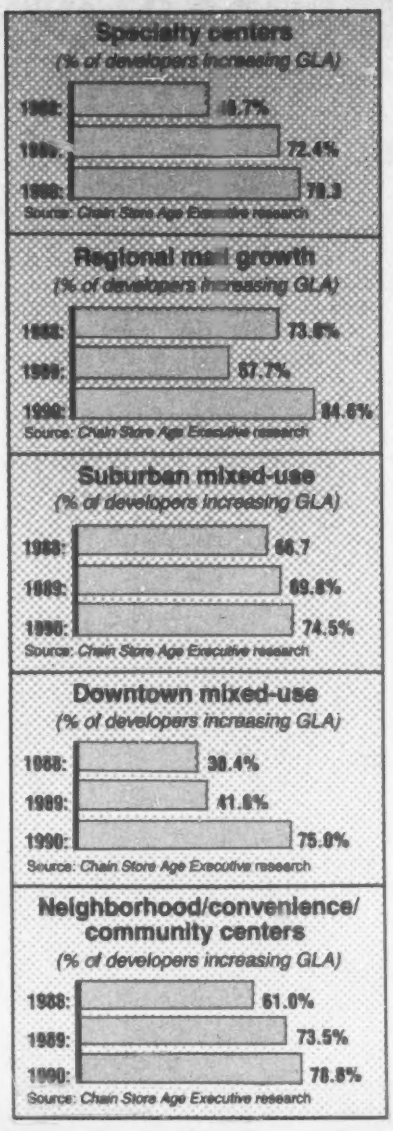
What new malls were built were of a medium size for regionals. A vast majority (85.7%) of respondents built centers in the 300,000-sq.-ft.-700,000-sq.-ft. range.

As with community centers, mall construction was concentrated in the Midwest—45.5% of developers listed that region as their primary area of construction activity. The Southeast and Pacific also saw growth, but at a slower pace.

A slowdown will occur this year, with only 57.7% of regional mall specialists expecting to add space this year. The longer construction time for regional mall space may well be a factor, however, because a whopping 84.6% of developers expect to add space in 1990.

Much of 1989's growth will come from expansion of existing centers, as only 28.5% of respondents plan to open new centers this year. Again due to the greater amount of time needed to build, that figure increases to 46.1% for 1990.

Next year will also be a big one for mixed-use centers in downtown areas. After a breather in both 1988 and 1989, developers will be opening a good deal more space in 1990.



Of the developers claiming primary concentrations in the field, only 38.5% saw an increase in GLA.

The pattern continues in 1989. Only 41.6% of developers plan to expand retail space. Yet even those planning to expand their centers don't anticipate doing it by much.

Four of five will expand by less than 100,000 sq. ft., with the remainder expecting to add between 100,000 sq. ft. and 200,000 sq. ft. Of this, the majority will be the expansion of existing space, the developers say.

Unlike the other categories of development, however, the Midwest will not see a piece of the pie.

The older, more established downtowns of the Northeast will see the bulk of development—42.9% of respondents report engaging in most of their activity there in 1989.

The Southeast follows with 27.3%, then the Mid-Atlantic and Pacific. Only the Southwest, with its sprawling suburbs, will be totally ignored by downtown mixed-use in the next two years.

As 1989 plans for the Northeast are completed, downtown mixed-use developers will turn their attention to other regions in 1990. The total neglect of the Midwest will end in 1990, but only 10% of developers report interest there.

Still, the Northeast will be a major area, with the Mid-Atlantic picking up. The two are tied with interest from 30% of the developers. As downtown areas are completed, the Southeast dips to 20% of total development plans.

Perhaps they're making up for expansion that didn't occur in 1988—

NEW CENTER CONSTRUCTION COSTS TO GO DOWN IN 1989

Contrary to popular belief, what developers are willing to pay to construct new centers may not always rise.

Reflecting the slight slowdown in new construction expected this year, developers will spend less in 1989 for new center construction than they did in 1988. However, the number will rise in 1990.

Regional mall developers spent an average of $54.20 per square foot in 1988. That figure will drop to $51.42 in 1989, reflecting the slowdown in construction. As the number of new centers increases in 1990, it will rise to $56.56.

The same is true for new construction of specialty centers. An average cost per square foot of $52.11 was reported for 1988 new construction. This will dip to $50.62 in 1989, then rebound to $53.15 the next year.

Downtown and suburban mixed-use centers follow the same trend. Downtown developers spent an average of $46.50 for new construction in 1988, yet will spend only $45.33 in 1989.

The cost will jump dramatically in 1990, to $57.13. Suburban center developers spent an average $50.67 per square foot in 1988, yet will spend only $45.00 in 1989. This will rise to $49.94 in 1990.

The continuing increase in new community centers will, however, show increasing costs. Developers spent $46.88 per square foot in 1988. They anticipate costs of $53.18 in 1989 and $62.34 in 1990.

SURVEY METHODOLOGY

Chain Store Age Executive's annual construction survey asked developers to describe the size and scope of construction activity in 1988, and offer plans for 1989 and 1990.

More than 350 members of the International Council of Shopping Centers responded to written surveys, mailed in early November.

The majority of respondents (69.5%) are involved with neighborhood and community centers, followed distantly by developers concentrating on mixed-use centers in suburban areas (14%).

Regional mall developers (7.2%), specialty centers (5.4%) and downtown mixed-use centers (3.4%) followed.

only 41.7% of respondents reported expanding an existing center. And they only added up to 100,000 sq. ft.

Of the downtown mixed-use developers, only 23.1% constructed new centers. Those builders constructed only between one and three centers each. The vast majority of those (75%) were less than 100,000 sq. ft. The remaining 25% totaled between 100,000 sq. ft. and 200,000 sq. ft.

Again, this trend will continue in 1989, with a dramatic change in 1990. Only 25% of the responding developers plan to build a new center in 1989 of 100,000 sq. ft. or less.

A longer construction time for often massive mixed-use projects is a factor, as 61.5% of the developers plan on new construction in 1990, with sizes spread across the board. The average size of retail, however, will be 264,285 sq. ft.

Specialty centers also seem to have taken a bit of a break in 1988—53.3% of developers primarily involved in building that type of center report no new construction last year.

The construction that did take place, however, was divided fairly evenly among in the Southeast (27.3%), Northeast (22.7%) and Pacific regions (22.7%).

Reflecting the smaller size of specialty centers, the gains were small, with almost three-quarters of respondents building 100,000 sq. ft. or less. No one built more than 200,000 sq. ft.

Unlike downtown development, specialty center developers expect to increase space in 1989 and 1990. Again, 1990 will be slightly more active than 1989—72.4% plan to increase space this year, while 78.3% plan additional GLA in 1990.

Developers will be building small centers—half announce that their additional space will not exceed 100,000 sq. ft. in 1989. This changes in 1990, when only one-third will build centers smaller than 100,000 sq. ft. ■

—Debra Hazel

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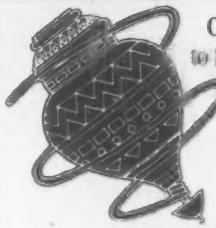

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CREDIT AUTHORIZATION STAND-ALONES DECREASE

MOST RETAILERS OPT TO INTEGRATE THE FUNCTION INTO POS TERMINALS

The stand-alone credit authorization terminal is rapidly becoming a thing of the past. High credit volume retailers instead are opting to integrate credit authorization into POS terminals.

A recent survey of end-users of retail automation equipment conducted by Venture Development Corp. (VDC), a Natick, Mass.-based consulting firm, indicates that use of stand-alone terminals will decrease significantly.

By 1990, only 10% of mass merchants and 50% of apparel retailers, including department stores, will be using stand-alone credit authorization/debit card terminals, according to the VDC study.

The remaining companies will integrate the credit authorization function into their POS devices.

Unless they significantly alter their marketing thrust, the study concludes, manufacturers of stand-alone terminals will be left standing . . . alone.

What is fueling the current trend toward integration—despite its high cost—are the advantages retailers gain by including the often-troublesome function into the POS terminal.

Among them are: increased accuracy of the sales data being keyed into the terminal by the cashier; fewer service calls; and, more counter space derived from the elimination of the box.

With the cashier needing to key in the sales data only once, discrepancies in the data entered into both units can be eliminated.

Additionally, with fewer pieces of equipment to worry about, retailers can cut service calls and save hundreds, if not thousands, of dollars in the process.

Finally, the counter space gained by eliminating the unit enables clerks to provide improved customer service by speeding up checkout and packaging duties.

The integration of credit authorization into the POS terminal allows retailers to address another credit-related need.

Most department stores, mass merchants and large apparel chains have proprietary credit cards. Authorization for these cards is not done through the credit card networks.

Therefore, a retail company that wants on-line credit authorization for its own card must integrate the authorization procedure into the POS terminal allowing on-line access to in-house credit files.

A stand-alone device typically provides a pathway to the networks that verify MasterCard, Visa, and the like.

Faced with the threat of integration, vendors of stand-alone terminals must examine ways to protect their market segment, says VDC.

The study recommends to these manufacturers that they either concentrate on marketing terminals for debit card authorization, or target retail segments that are more likely to prefer stand-alone terminals to integrating the function.

VDC suggests that manufacturers such as Verifone, Omron Business Systems, ICOT and Data Card, take advantage of the current trend toward debit cards.

Food retailers including fast-food outlets, grocery stores and convenience stores are prime candidates for debit card programs, the study points out, because they have very low—or no—credit card volumes and are primarily cash-based.

While it is unlikely these retailers ever would have represented a market for credit authorization terminals, they would be natural users of debit card terminals.

A spokesman for San Jose-based ICOT Transaction Systems does not dispute the VDC study's major conclusions.

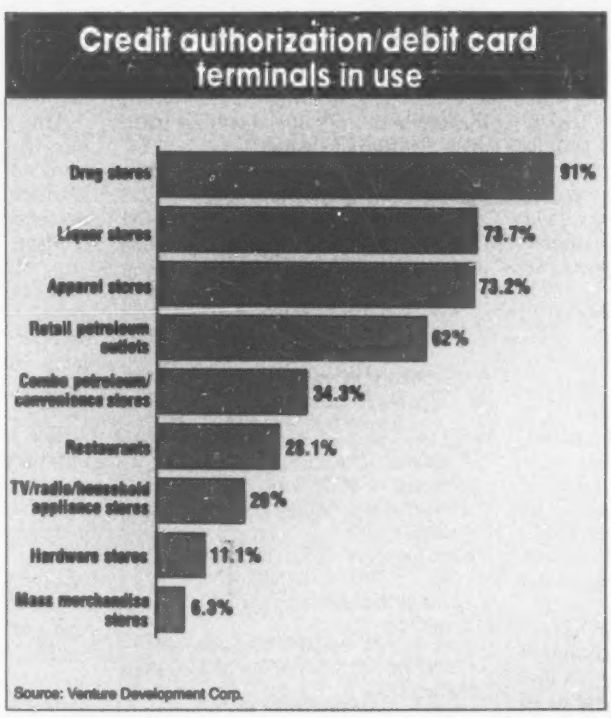
Many of the functions performed by freestanding credit authorization terminals are being integrated in POS systems, he admits. Credit authorization terminals are an important part of ICOT's business.

However, the spokesman emphasizes, "these two facts do not threaten the existence of companies like ICOT, whose product is transaction processing solutions for retailers."

Tom Saks, ICOT's vp-marketing, goes on say that rather than manufacture any one product, it is more important "to respond quickly and cost effectively to the retailer's continuous stream of emerging transaction processing needs."

He says, "Traditionally, POS vendors have been slow to respond to retailers' requests for additional features. There are many instances of a stand-alone special purpose terminal installed alongside a POS terminal simply because the stand-alone terminal represented a less expensive, more expeditious solution. A more recent phenomenon is the inter-connection of the special purpose terminal to the POS device."

As debit card programs are instituted, VDC finds that most retailers would rather purchase a free-



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standing debit card terminal to use with an existing POS system, rather than to retrofit or buy new equipment.

Since the full potential of debit cards will not be reached for a number of years, retailers are unwilling to revamp their entire stock of POS equipment in order to accommodate debit.

Rather, they prefer to add stand-alone terminals while taking advantage of the full life of their existing equipment.

In addition to broadening product lines to include debit terminals, manufacturers also should concentrate marketing efforts on different segments of the retail industry, says the VDC study.

Vendors should de-emphasize department stores, mass merchants and apparel stores, and should instead concentrate their efforts on retailers that are not interested in integrating the credit authorization function, says the study.

For example, drug stores and restaurants will remain strong outlets for stand-alone terminals, the study says.

These industries are de-centralized and full of small, independent operators that have significant credit card volumes.

However, VDC finds that many smaller retailers in these industries prefer to purchase low-end electronic cash registers and low-end credit authorization terminals.

Medium- to high-end POS terminals that incorporate all the bells and whistles, including credit authorization, typically are unnecessary in a one- and two-unit environment.

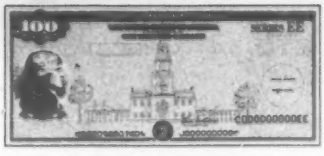
The cost of two low-end units is usually less than the price of a single sophisticated POS terminal. Since small retailers are very price sensitive, they usually will opt to go this route.

Despite the slowdown in the unit shipments of stand-alone terminals in the coming years, the study finds that factory dollar shipments will continue to grow.

Unit shipments to the retail market are expected to show an average annual growth rate of 2.9% through 1992, while factory dollar shipments will experience average annual growth of 4.9%.

The anticipated increase of debit programs accounts for some of the growth, the study finds. Retailers obviously are eager to take advantage of timely, direct payments from financial institutions.

Portrait of the Great American Investor



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RETAIL TECHNOLOGY

Among the delays holding up the debit card rollout are: the disagreement between banks and retailers on which should pay the cost of linking the retailers' debit machines to the banks' computers; disagreement over which should pay for the use of telephone lines that are needed to access the banks records; and, a lack of standards for communication between banks and retailers to facilitate a transaction that involves four parties.

Another reason behind the growth in unit shipments is the typical short lifespan of freestanding units, says the study, making for a large replacement market.

Factory dollar shipments will increase at a faster growth because the majority of the terminals that will be shipped over the next few years will have debit capabilities.

New buyers will tend to select terminals with both credit and debit features. Existing users will upgrade their terminals to handle both, according to VDC.

Dual functioning units are more expensive than straight credit authorization terminals. Not only does the addition of debit add to the cost of unit, the need for peripherals such as a PIN pad raises the cost.

Although the study shows there is still slight growth in the freestanding terminal industry, it is nowhere near the boom experienced during mid-decade.

In 1987, unit shipments grew by close to 50%, and factory dollar shipments by almost 20%.

Those days are over, says the report. This year will represent the peak for the industry. In 1989, says VDC, 350,000 units will be shipped with a factory dollar value of $152.3 million.

After this year, the market will begin to reach a saturation point, and shipments are expected to fall off slightly.

The above information comes from VDC's Retail Automation Planning Service. In addition to tracking end-user usage of credit authorization/debit card terminals and all other types of retail automation equipment, the service monitors the activity of retail automation equipment vendors, analyzes the channels through which this equipment is distributed, including dealers, distributors, value-added resellers, networks, banks and petroleum pump manufacturers. It also tracks trends in the retail industry itself. ■

VENDORS SLOW TO IMPLEMENT QUICK RESPONSE

VICS STUDY SHOWS LITTLE APPRECIATION OF COST BENEFITS

Retailers are embracing Quick Response, but what about their manufacturing partners?

According to an Arthur Andersen & Co. study prepared for the Voluntary Interindustry Communications Standards Committee (VICS), vendors of general merchandise are beginning to accept the concepts and technologies associated with Quick Response.

Vendors who are implementing Electronic Data Interchange (EDI) or Universal Product Code (UPC), however, are doing so without an informed understanding—or even an awareness—of either the costs or benefits of Quick Response, says the study.

"The current and planned levels of utilization are encouraging," says the Arthur Andersen survey.

"But the findings suggest that the rate of, and ultimate level of, acceptance of Quick Response concepts could be significantly enhanced through a demonstration of the potential benefits, and the industries' commitment to the attainment of these benefits," says the consulting firm's report to the VICS committee.

Quick Response involves the application of a variety of concepts and technologies including bar coding, scanning, UPC, EDI and Just-in-Time manufacturing.

The objective of Quick Response is to shorten the product life cycle, from the initial placement of orders, through the manufacturing, distribution, sale and reorder of the product.

The shortened life cycle will permit domestic suppliers to become more cost competitive and should provide the retailer with better inventory productivity and more efficient operations.

Many major retailers—including Wal-Mart, Dillards, J. C. Penney and Belks have participated in tests of Quick Response with apparel manufacturers to resounding results (*see story, page 118*).

Though most of the technologies utilized in Quick Response already have existed for well over a decade, the increasing competitiveness in both the retail and manufacturing industries has spurred recent interest and implementation.

Saturated markets, changing demographics and changing lifestyles, says Arthur Andersen Consulting, not only have forced a consolidation in the retail industry but also have tested the retailer's ability to cope with change.

Cost reductions available to retailers through foreign sources have increased the competitive pressure on the domestic suppliers to the retail industry, says the consulting firm's report.

One of the results of these trends is Quick Response and EDI. Though retailers seem eagerly committed to the new electronic strategies, domestic manufacturers have been slow to respond to the opportunity.

The objectives of the VICS/Arthur Andersen study were to measure the use by vendors of a number of technologies associated with Quick Response.

They include: the use of UPC for item identification, the use of VICS standards for EDI, and the use of bar coding for identification of shipping containers among domestic vendors of general merchandise.

In the study, general merchandise vendors were defined to include all non-food, non-service vendors. Included within this category were manufacturers ranging from apparel to consumer electronics to automotive supplies.

Based on this definition, Andersen Consulting estimates that there are approximately 60,000 vendors of general merchandise in the United States.

The survey was conducted using a written questionnaire that was sent to more than 2,200 randomly selected manufacturers.

It asked vendors if they used the UPC, the percent of their products identified with UPC, and their future plans for applying UPC.

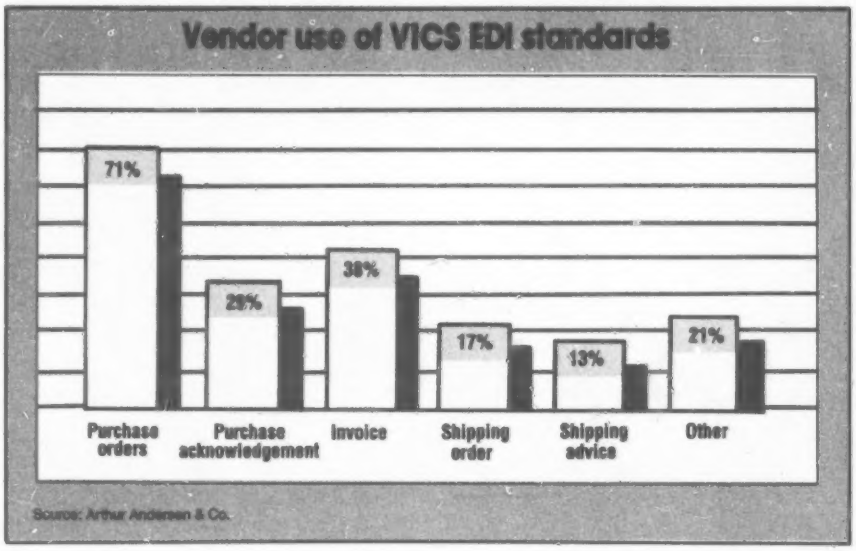
With respect to EDI, the survey identified users and non-users. Among the users, the survey questioned vendors about their use of the VICS EDI standards and the areas of application.

The survey also questioned vendors regarding the use of bar coding for identification of shipping containers.

Of the 2,200 surveys issued, 538 (about 25%) responses were obtained.

There currently are 27,000 vendors of general merchandise that have shown the intent of using the UPC.

That intent has been demonstrated by registering with the Uniform Code Council (the UPC governing body) and by paying a fee to obtain a Uni-



versal Product Code vendor number.

The Uniform Code Council, located in Dayton, Ohio, administers the use of UPC. Each vendor wishing to use the UPC must register with the Council to obtain a unique vendor number.

Having obtained that number, each vendor can then assign a unique number to each of its products. The vendor and item numbers, along with leading and trailing control digits, comprise the UPC.

A survey of a representative sample of these Uniform Code Council registrants indicates that 79% have already implemented UPC for item identification.

Based on these figures, the Andersen study estimates that there currently are 23,300 vendors using the UPC. This represents about 36% of domestic manufacturers of general merchandise.

The great majority—64%—of domestic general merchandise manufacturers, however, still are not using the bar coding necessary to implement Quick Response.

Some retailers with heavy clout are beginning to force the issue with their suppliers.

Toys "R" Us makes the message clear with a sign featuring its Geoffrey Giraffe at its corporate headquarters that proclaims, "No UPC, no pur-

NEW PROJECTS FOR VICS

The Voluntary Interindustry Communications Standards (VICS) Committee was founded in 1986 with the objective of improving customer service through the implementation of several voluntary communication standards.

The VICS committee has made significant progress in this area through the study and endorsement of UPC-A for item identification, the development of the VICS Electronic Data Interchange standard, and the design of an architecture for large-scale price look-up.

While the definition of standards continues to be a priority, the committee now is focusing heavily on propagating their use.

The committee has initiated a series of studies to assess the industries' positions with regard to Quick Response.

With this assessment now finished, the VICS committee is initiating another series of studies to quantify the benefits of Quick Response to both retailers and manufacturers.

Andersen Consulting, the consulting arm of Arthur Andersen & Co. has been commissioned by VICS to perform the cost/benefit study for the retail sector. It is scheduled for completion in March 1989.

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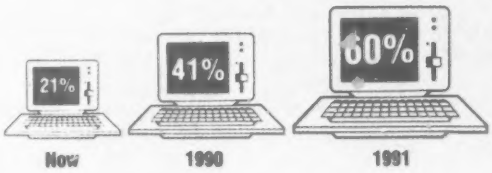
TWO-THIRDS OF RETAILERS TO USE EDI BY 1991



Source: Kurt Salmon Associates

Two out of three of the country's largest apparel retailers will place orders and communicate other information to their vendors via electronic data interchange (EDI) by 1991.

This is one of the key findings of a survey regarding EDI implementation plans of retailers conducted by New York-based Kurt Salmon Associates on behalf of the American Apparel Manufacturers Association.

Randell K. Nord, a Kurt Salmon vp, notes that apparel retailers now using EDI are primarily chains, mass merchants and a few department stores.

"Expansion over the next two years," Nord says, "will primarily involve department and specialty stores."

Polling 100 major apparel retailers, the survey asked what standards they use. Virtually all respondents say they support ANSI X.12. Sixty percent indicate they will continue to support other standards as well.

"This high number of retailers using other standards represents chains and mass merchants who originated their own standards and were the pioneers of EDI," Nord says.

To communicate with trading partners, respondents indicate that there will be a mixed environment.

While all surveyed say they will work through one or more third-party networks, 60% say they will use only third-party, and 40% will work through a third-party as well as maintaining some direct EDI with key vendors.

All respondents plan to use the purchase order transaction set.

Within two years, 73% plan to use invoice, shipping notice, or both, and almost half have plans to use price/sale catalog transaction sets.

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chase order."

Federated/Allied Department Stores recently went so far as to advertise in apparel trade publications that it now requires that its sources mark product with Universal Product Codes.

To what extent are vendors using the UPC? Despite the pleas of major retailers, fewer than half (44%) of the vendors who use the Universal Product Code mark 75%-100% of their items with the UPC.

Seventeen percent mark 50%-75%; 12% mark 25%-50% of their items; and 27% of the vendors mark 0%-25%.

When it comes to EDI, once again the Arthur Andersen survey reveals that retailers are more eager to use the technology than are their suppliers.

Only 53 out of the 538 manufacturer respondents (or 10%) indicate that they now are exchanging data electronically with their trading partners.

According to the study, an additional 16% of the vendors surveyed say that they anticipate exchanging data electronically within the next year.

Within the next two years, a total of 21% of the vendors anticipate they will implement EDI.

Even those manufacturers that have implemented EDI are not using the full range of VICS standards.

Of those already implementing EDI, the study says, only 27 (or 5% of all general merchandise vendors polled) are using the VICS standards for electronic exchange of business transactions.

By far, the electronic exchange of purchase orders is the most used EDI standard. Among the vendors using the VICS EDI standards, the greatest number (71%) are exchanging purchase orders electronically.

Other VICS standards are used less frequently. Only 38% of the vendors exchange invoices electronically *(see accompanying chart)*.

Twenty-nine percent send purchase order acknowledgements via EDI; 17% exchange shipping orders; 13% exchange shipping advices electronically; while 21% use the VICS EDI standards to transmit other information.

When it comes to using bar coding for shipping container identification, manufacturers are more enthusiastic.

Out of the survey's 538 respondents, 156 vendors (29%) indicate that they currently are using bar codes for that purpose.

About half (51%) of the vendors are bar coding 75%-100% of their containers. Another 20% are marking 50%-75%; 12% of the vendors are bar coding 25%-50% of their containers; and 17% are marking between 0%-25%.

Among those responding to the survey, an additional 15% indicate that why will begin to bar code their shipping containers within the next year.

Within two years, according to the study, an additional 27% of the respondents anticipate that they will start bar coding shipping containers. ■

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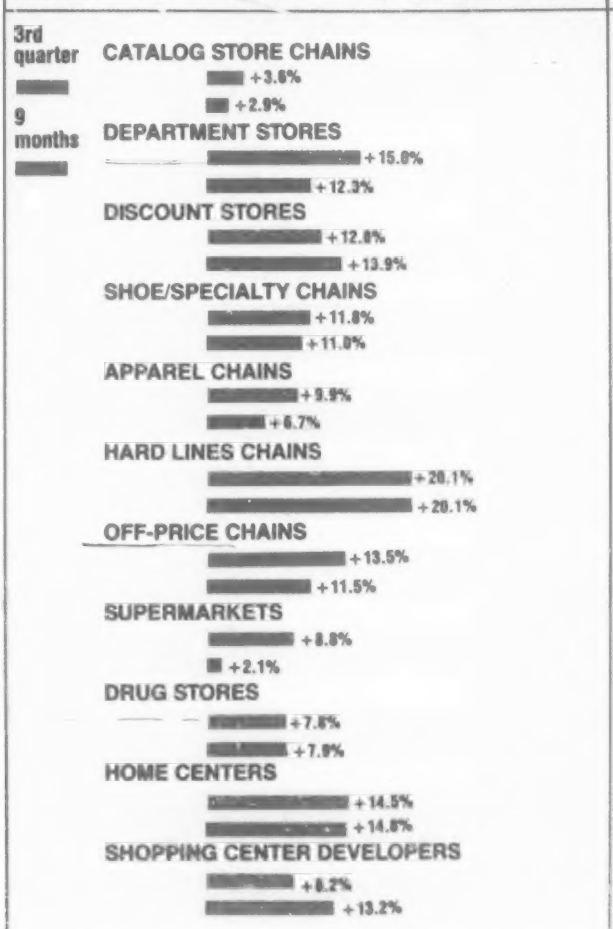
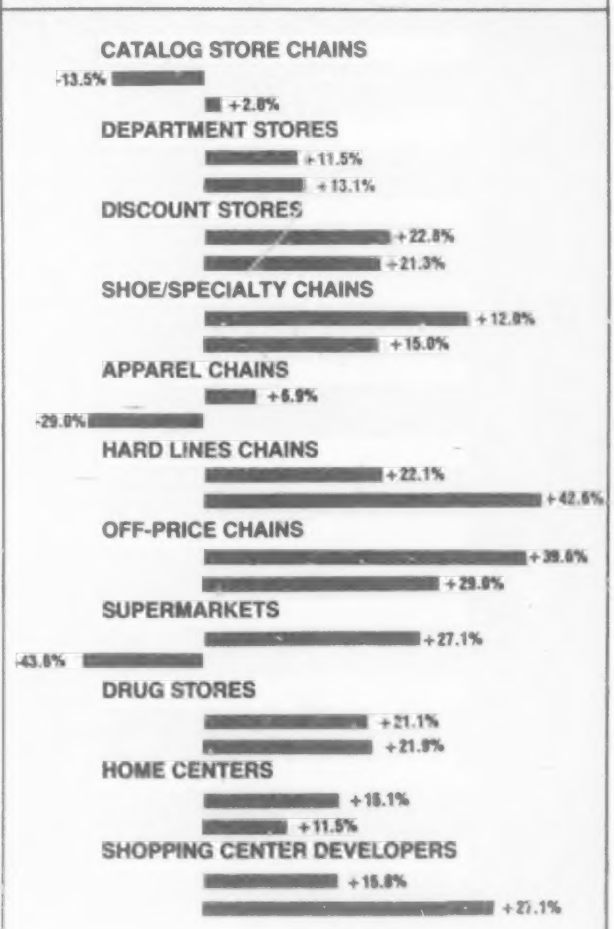
SALES

	3rd qtr. (000 omitted)	% change	9 mos. (000 omitted)	% change
CATALOG STORE CHAINS				
J.C. Penney	3,610,000	– 3.9	9,995,000	– 3.8
Sears, Roebuck & Co.	7,494,800	+ 7.6	20,731,600	+ 6.5
DEPARTMENT STORES				
Carson Pirie Scott	300,072	+ 24.6	774,697	+ 28.4
Dillard	606,197	+ 13.1	1,676,404	+ 17.4
Gottschalks	47,014	+ 24.9	128,042	+ 28.0
D.H. Holmes	62,544	– 2.3	188,216	– 0.5
Jacobson's	84,027	+ 7.6	235,955	+ 7.1
May	2,824,000	+ 17.3	7,691,000	+ 11.0
Mercantile	544,184	+ 3.4	1,499,248	+ 3.6
Nordstrom	485,832	+ 18.1	1,562,829	+ 18.5
Strawbridge & Clothier	205,724	+ 12.4	581,547	+ 10.4
DISCOUNT STORES				
Ames	546,955	+ 10.7	1,591,836	+ 9.4
Consolidated	147,179	+ 1.8	410,737	+ 3.0
Dayton Hudson	2,867,400	+ 12.9	8,104,200	+ 15.8
Hills	443,475	+ 8.0	1,097,487	+ 10.7
Jamesway	190,819	+ 11.6	519,016	+ 9.8
K mart	6,358,200	+ 6.4	18,884,100	+ 5.7
Fred Meyer	466,932	+ 13.8	1,505,151	+ 10.8
Rose's	338,281	+ 8.9	993,678	+ 5.7
Stuarts	32,706	+ 1.8	89,768	+ 1.0
Wal-Mart	4,991,117	+ 24.3	14,118,265	+ 28.2

EARNINGS

	3rd qtr. (000 omitted)	% change	9 mos. (000 omitted)	% change
CATALOG STORE CHAINS				
J.C. Penney	160,000	– 9.4	372,000	+ 13.4
Sears, Roebuck & Co.	135,400	– 20.5	342,900	– 7.9
DEPARTMENT STORES				
Carson Pirie Scott	2,187	– 58.8	11,450	+198.6*
Dillard	17,363	+ 19.2	97,901	+ 24.1
Gottschalks	344	– 59.6	1,134	– 50.8*
D.H. Holmes	(2,789)	n/a	(7,453)	n/a
Jacobson's	2,316	– 14.4	3,456	– 28.7
May	104,000*	+ 20.9*	227,000*	+ 8.1*
Mercantile	40,514	+ 6.7	87,114	+ 4.9
Nordstrom	19,938	+ 1.0	75,818	+ 27.6
Strawbridge & Clothier	3,608	+ 11.1	6,319	– 24.1
DISCOUNT STORES				
Ames	10,662	+ 45.2	24,372	+ 51.7
Consolidated	4,118	+253.2	8,461	+117.6
Dayton Hudson	45,600	+ 35.7	104,900	+ 10.8
Hills	2,873	– 70.4	(16,331)	n/a
Jamesway	3,954	+ 7.9	5,956	– 23.6
K mart	126,100	+ 14.5	409,700	+ 10.4
Fred Meyer	5,046	+ 12.5	21,377	+ 16.9
Rose's	4,159	– 32.0	9,893	– 31.6*
Stuarts	662	+ 18.6	945	+490.6*
Wal-Mart	180,874	+ 32.9	514,035	+ 35.1





SALES

	3rd qtr. (000 omitted)	% change	9 mos. (000 omitted)	% change
SHOE/SPECIALTY CHAINS				
Brown Group	483,414	+ 8.1	1,318,849	+ 7.3
Edison Bros.	233,200	– 4.7	593,400	– 5.2
Genesco	117,440	+ 12.9	333,934	+ 14.0
Melville	1,624,568	+ 16.6	4,489,030	+ 14.6
U.S. Shoe	587,113	+ 9.5	1,659,157	+ 6.8
F. W. Woolworth	1,974,000	+ 11.8	5,542,000	+ 12.1
APPAREL CHAINS				
Charming Shoppes	175,088	+ 8.3	503,737	+ 10.5
Deb Shops	45,078	– 0.4	130,148	– 3.1
Designs	18,108	+ 45.2	38,175	+ 46.1
The Gap	322,752	+ 18.0	828,428	+ 17.9
Paul Harris	48,139	– 0.8	127,368	– 2.7
The Limited	1,010,616	+ 13.3	2,714,795	+ 7.8
Merry Go Round	79,945	+ 8.5	192,180	+ 9.1
Petrie	286,686	– 4.6	832,662	– 6.0
HARD LINES CHAINS				
Child World	154,172	+ 12.0	398,672	+ 10.5
Claire's	30,190	+ 39.2	76,589	+ 9.5
Crown Books	39,880	+ 6.1	118,531	+ 9.6
Fabri-Centers	79,158	+ 13.7	200,593	+ 5.5
Fretter	53,252	– 6.4	159,244	– 6.4
Highland	205,232	+ 23.9	594,849	+ 22.9
House of Fabrics	90,227	+ 3.4	237,187	+ 2.9
Lionel	72,497	+ 21.2	190,435	+ 22.2
Michaels	61,612	+ 52.5	154,532	+ 66.3
Oshman's	69,195	– 4.4	200,262	– 6.2
Pep Boys-M,J&J	172,895	+ 21.4	487,901	+ 18.6
Toys "R" Us	776,831	+ 29.4	2,110,786	+ 32.7
Trak Auto	64,213	+ 15.2	180,330	+ 14.8
WNS	9,757	– 44.0	30,956	– 34.3
OFF PRICE APPAREL				
Banker's Note	9,086	– 7.4	28,596	– 8.6
Clothestime	44,614	– 4.6	125,774	– 8.2
Ross	149,965	+ 10.3	425,133	+ 9.3
S & K	11,235	+ 19.0	33,886	+ 22.2
Syms	62,843	+ 6.1	192,647	+ 12.0
TJX	521,827	+ 17.7	1,353,539	+ 14.7
SUPERMARKETS				
Albertson's	1,669,207	+ 13.6	4,883,584	+ 12.3
American	4,941,732	+ 42.3	13,009,439	+ 25.1
Big B	60,549	+ 5.1	188,330	+ 5.6
Giant Food	685,757	+ 10.7	2,020,558	+ 9.9
Hannaford Bros.	329,058	+ 23.1	907,844	+ 18.9
Kroger	5,584,522	+ 8.4	14,405,091	+ 8.7
Nash Finch	659,560	+ 7.2	1,590,328	+ 7.2
Safeway	3,178,184	– 21.8	9,295,267	– 29.1
DRUG STORES				
Fay's	127,267	+ 2.6	376,758	+ 4.9
Genovese	80,208	+ 11.7	258,691	+ 13.2
Longs	461,322	+ 8.2	1,375,941	+ 7.9
HOME CENTERS				
Grossman's	321,918	+ 1.6	855,803	+ 4.4
Hechinger	253,100	+ 33.5	780,885	+ 38.3
Home Depot	509,990	+ 40.0	1,474,741	+ 36.6
Lowe's	652,122	+ 1.0	1,947,327	+ 0.4
Wolohan Lumber	74,636	+ 12.7	193,497	+ 12.6
SHOPPING CENTER DEVELOPERS				
Federal Realty	16,725	+ 9.9	50,723	+ 15.7
Forest City Ent.	22,830	+ 2.0	59,932	– 9.8
Rouse	108,198	+ 10.2	330,184	+ 19.1
Weingarten	15,725	+ 3.1	49,834	+ 7.9

EARNINGS

	3rd qtr. (000 omitted)	% change	9 mos. (000 omitted)	% change
SHOE/SPECIALTY CHAINS				
Brown Group	11,772	– 24.0	24,004	– 23.6
Edison Bros.	8,290	+ 54.7	10,300	n/a
Genesco	4,326*	+ 81.5	5,614*	n/a
Melville	66,377	+ 28.5	149,250	+ 20.9
U.S. Shoe	1,282	– 89.5	(1,927)*	n/a
F. W. Woolworth	66,000	+ 22.2	144,000	+ 20.0
APPAREL CHAINS				
Charming Shoppes	8,629	– 21.8	21,134	– 40.0
Deb Shops	1,855	+ 2.5	4,811	– 34.7
Designs	1,103	+ 10.3	240	– 82.3
The Gap	26,586	+ 42.7	46,036*	– 6.3
Paul Harris	(437)	n/a	(6,137)	n/a
The Limited	70,426	+ 1.7	124,991	– 27.3
Merry Go Round	4,185	+ 6.0	5,012	– 18.0
Petrie	6,084	+ 31.1	16,229*	– 31.6
HARD LINES CHAINS				
Child World	(3,319)	n/a	(10,324)	n/a
Claire's	1,028	+152.0	(1,164)	n/a
Crown Books	1,152	+ 54.6	3,619	+ 41.5
Fabri-Centers	2,570	n/a	1,061	n/a
Fretter	1,076	+ 9.3	1,164	n/a
Highland	902	– 24.6	2,867	– 38.1
House of Fabrics	4,180	+ 4.3	6,636	+ 7.6
Lionel	(4,258)	n/a	(9,919)	n/a
Michaels	1,037	+ 49.2	1,601	+ 51.5
Oshman's	(1,602)*	n/a	13,494*	n/a
Pep Boys-M,J&J	10,114	+ 23.5	28,574*	+ 10.2
Toys "R" Us	25,823*	+ 40.1	71,435	+ 44.0
Trak Auto	805	– 26.9	2,710	– 17.0
WNS	(1,320)	n/a	(2,288)	n/a
OFF PRICE APPAREL				
Banker's Note	86	n/a	629	n/a
Clothestime	533	n/a	(818)	n/a
Ross	3,566	+201.9	9,928	+734.3
S & K	245	+ 22.5	1,023	+ 37.7
Syms	2,897	– 6.6	9,923	+ 4.9
TJX	31,290	+ 23.2	63,599	+ 31.4
SUPERMARKETS				
Albertson's	38,146	+ 40.8	110,655	+ 30.1
American	20,694	– 43.7	78,019	– 27.9
Big B	741	+ 16.0	4,445	+ 13.8
Giant Food	21,438	+ 21.4	62,247	+ 28.5
Hannaford Bros.	8,095	+ 18.5	22,177	+ 18.3
Kroger	56,200	+ 24.1	153,526	+ 19.6
Nash Finch	6,832	+ 13.3	14,857	+ 22.0
Safeway	22,960	n/a	45,966	n/a
DRUG STORES				
Fay's	2,079	+128.0	5,227	+136.7
Genovese	657	+ 60.0	2,947	+ 31.3
Longs	11,625	+ 10.3	38,910	+ 13.9
HOME CENTERS				
Grossman's	10,054	– 18.1	12,649	– 18.9
Hechinger	12,077	+ 28.0	35,959	– 8.1
Home Depot	17,105	+ 75.7	57,866	+ 51.8
Lowe's	15,893	– 6.1	57,407	+ 3.8
Wolohan Lumber	3,768	+ 35.8	8,356	+ 32.4
SHOPPING CENTER DEVELOPERS				
Federal Realty	687	– 43.8	4,115	– 19.5
Forest City Ent.	796	n/a	1,811	– 26.5
Rouse	1,891	+138.8	13,625	+ 56.7
Weingarten	4,268	– 7.2	17,692	+ 30.6

N/A = not applicable because of loss in either current or comparable period
* = earnings and percentages exclude extraordinary items
Source: Company reports